# LEGISLATIVE SERVICES AGENCY Office of Bill Drafting and Research

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To: Members of the Code Revision Commission & Interested Parties

From: George Angelone, Deputy Director Re: Recodification of Education Law

Date: August 26, 2005

The Code Revision Commission will hold its first meeting on September 12, 2005 at 10:00 a.m. in Room 233 of the State House, 200 W. Washington St., Indianapolis, Indiana. This memorandum summarizes a staff proposal that will be presented at that meeting. The proposal lays out a plan for the preparation of legislation for the recodification of Grade K-12 education finance law during the interim in 2005 and the recodification of the law governing higher education during the interim in 2006 Commission.

The Indiana Code Revision Commission, established by IC 2-5-1.1-10, is in its sixteenth year of a project aimed at restating Indiana state statutory law, without substantive revision, in a form that is clear, concise, and easy to interpret and to apply. At the direction of the Legislative Council, the Code Revision Commission has prepared legislation for recodification of Titles 9 (Motor Vehicles), 10 (Public Safety), 12 (Human Services), 13 (Environment), 14 (Natural and Cultural Resources), 16 (Health), 31 (Family Law and Juvenile Law), 32 (Property), 33 (Courts and Court Officers), and 34 (Civil Law and Procedure). In 2004 the Commission prepared a recodification of the law in Title 20 governing Grade K-12 education. The proposed legislation was enacted as HEA 1288-2005.

HEA 1288-2005 consisted of 943 pages. It is proposed that the remainder of education law be recodified over two years in two smaller bills. Each bill probably would not exceed 360 pages. The subject matter easily lends itself to this approach. In the first year Grade K-12 education finance law would be moved primarily from Title 21 to Title 20. In the second year, the higher education law in IC 20-12 would be recodified in Title 21 with the remainder of higher education law.

Attached find a proposed outline for recodification of Grade K-12 education finance law. The proposal changes the changes the sequence in which ideas are arranged. Current law is arranged in a local funding/state funding/local funding/ state funding/local funding/pensions sequence. The proposal would present the law in the following sequence: accounting systems/state tuition support formula/property taxes/borrowing. Pension law would be consolidated in Title 5. Provisions in Title 20 governing categorical grants outside the formula, start-up funding for charter schools, transfer tuition, student aid for textbooks, and permissible school fees would not be moved. Following the lead taken in HEA 1288, non-education levies for community use of facilities are moved to Title 36.

This memorandum is being sent to the members of the Commission and to a list of additional individuals who may have an interest in participating in the proceedings of the Commission. If a recipient of this memorandum is interested in being deleted from the mailing list or has a comment or question about the proposal, please indicate your preference or forward your comment or question by calling (317) 232-9584 or emailing gangelon@iga.state.in.us.

# Proposed Outline—Title 21 Recodification of K-12 Education Finance Provisions in Title 20 and Title 21 2006 Session

(current code placement in [])

(Note 1: Move IC 21-1-20 (Recording Satisfaction of School Fund Mortgages) and IC 21-1-27 (LANDS: QUITCLAIM; LANDS SOLD FOR DELINQUENT TAXES) to IC 4-11-2 (RELEASE OF CERTAIN MORTGAGES TO STATE OR STATE TRUST FUNDS).) (Note 2: Move IC 21-1-13 (INTEREST FROM SCHOOL FUNDS) to IC 5-13-10 (FUNDS INVESTED BY TREASURER OF STATE).) (Note 3: Move part of IC 5-10.2-5 (RESTRICTED BENEFITS) related to schools and IC 21-6.1 (INDIANA STATE TEACHERS' RETIREMENT FUND), except IC 21-6.1-8 (HIGHER EDUCATION RETIREMENT BENEFITS), to a new Article IC 5-10.4.) ARTICLE 10.4. INDIANA STATE TEACHERS' RETIREMENT FUND Chapter 1. General Provisions [IC 21-6.1-1] Chapter 2. State Teachers' Retirement Fund [IC 21-6.1-2] Chapter 3. Teacher Retirement Fund Board [IC 21-6.1-3] Chapter 4. Fund Membership; Employee Contributions; Creditable Service; Purchase of Service; Fund Withdrawal [IC 21-6.1-4] Chapter 5. Benefits [IC 21-6.1-5] Chapter 6. Restricted Benefits [IC 21-6.1-6; IC 5-10.2-5-18; IC 5-10.2-5-32; IC 5-10.2-5-34.4; IC 5-10.2-5-37] Chapter 7. School Corporation Reports and Administration [IC 21-6.1-7]

(Note 4: Add a new Chapter in IC 20-17 (EFFECT OF RECODIFICATION OF TITLE 20) to codify appropriate statutory construction provisions.)

# ARTICLE 17. EFFECT OF RECODIFICATION OF TITLE 20

Chapter 2. Effect of Recodification by the Act of the 2006 Regular Session of the General Assembly [NEW<sup>1</sup>] (Note 5: Move IC 21-4-24-1 (TUITION FOR INSTITUTIONAL FARM TRAINING) to IC 20-19-1 (STATE SUPERINTENDENT OF PUBLIC INSTRUCTION).) (Note 6: Move IC 21-3-11 (ALTERNATIVE EDUCATION GRANTS) to IC 20-20-8 (ALTERNATIVE PROGRAM FOR CERTAIN STUDENTS).) (Note 7: Move IC 21-1-1-93.1 (APPEALS OF TRUSTEE DECISIONS) and IC 21-2-3.2 (PETITION FOR ALTERATION, CONSTRUCTION, OR ADDITION OF TOWNSHIP SCHOOL BUILDING) to IC 20-23-3 (SCHOOL TOWNSHIPS).) (Note 8: Move IC 6-1.1-19-12 (CERTIFICATION OF CHARTER SCHOOL ATTENDANCE TO COUNTY AUDITOR AND DISTRIBUTION OF LEVY TO CHARTER SCHOOL) to IC 20-24-7 (CHARTER SCHOOL FISCAL MATTERS).) (Note 9: Move IC 20-26-4-1 (part) (TREASURER; ELECTRONIC FUNDS TRANSFER) and IC 20-26-4-5 (TREASURER BONDS), and IC 20-26-5-17(b) (TREASURER BONDS) to IC 20-26-6 (TREASURER AND ACCOUNTING).) 

(Note 10: Move IC 21-1-1-80 through IC 21-1-1-81 (DISPOSITION OF SCHOOL LANDS), IC 21-1-5-1 and IC 21-1-5-2 (EMINENT DOMAIN TO REPLACE LOSS), and IC 21-2-9 (TRANSFER OF GIFTS OR BEQUESTS TO CUMULATIVE BUILDING FUND) to IC 20-26-7 (PROPERTY

 $<sup>^{\</sup>rm 1}$  Standard recodification language similar to language included in HEA 1288-2005.

(Note 11: Move provisions from IC 6-1.1-19 [PUBLIC SCHOOL PROPERTY TAX CONTROLS], IC 20 [EDUCATION], and IC 21 (EDUCATION FINANCE) into the following 12 new Articles in IC 20.)

### ARTICLE 39. ACCOUNTING AND FINANCIAL REPORTING PROCEDURES

Chapter 1. Unified Accounting System [IC 20-26-6-2]

Chapter 2. Oversight by Department of Education [IC 21-1-1-62 through IC 21-1-1-64]

Chapter 3. Oversight of Township Schools by County [IC 21-1-1-74 through IC 21-1-1-76]

## ARTICLE 40. GOVERNMENTAL FUNDS AND ACCOUNTS

Chapter 1. Governmental Funds Outside IC 20-40 [NEW<sup>2</sup>]

Chapter 2. General Fund [IC 21-2-11 (except property tax levy powers)]

Chapter 3. Referendum Tax Levy Fund [IC 21-2-11.6 (except IC 21-2-11.6-3(b))]

Chapter 4. Special Education Preschool Fund [21-2-17-1]

Chapter 5. Racial Balance Fund [IC 6-1.1-19-10(c); IC 6-1.1-19-10(g)]

Chapter 6. School Transportation Fund [IC 21-2-11.5-1; IC 21-2-11.5-2(a); IC 21-2-11.5-2(c); IC 21-2-11.5-2(d); IC 21-2-11.5-4]

Chapter 7. School Bus Replacement Fund [IC 21-2-11.5-2(b); IC 21-2-11.5-2(e)]

Chapter 8. Capital Projects Fund [IC 21-2-15-4; IC 21-2-15-7]

Chapter 9. Debt Service Fund [IC 21-2-4-2; IC 21-5-8]

Chapter 11. Repair and Replacement Fund [IC 21-2-5.5]

Chapter 12. Self-Insurance Fund [IC 21-2-5.6; IC 21-2-19]

Chapter 13. Petty Cash Fund [IC 21-2-5]

Chapter 14. School Technology Fund [IC 21-2-18]

#### ARTICLE 41. PROPRIETARY AND EXTRACURICULAR FUNDS AND ACCOUNTS

Chapter 1. Accounting for School Functions; Extracurricular Account [IC 20-26-6 (except section 2); IC 21-2-11-5; IC 21-4-23]

Chapter 2. School Lunch and Textbook Rental Programs [IC 20-23-3-5 Through IC 20-23-3-7; IC 20-26-5-15 Through IC 20-26-5-17]

 $<sup>^2</sup>$  It is proposed that a nonsubstantive list of school funds mentioned in other laws but not recodified in this bill be added in this bill, including construction fund (IC 6-1.1-19-4.5; IC 21-2-14-4); joint service and supply fund (IC 20-5-9-2); joint services, leasing, construction and supply fund (IC 20-5-11-4); joint investment fund (IC 20-5-11-5); professional development and technology fund (IC 20-3.1-15-1; IC 20-5-62-6); joint fund (IC 20-10.1-7-3).

### ARTICLE 42. FIDUCIARY FUNDS AND ACCOUNTS; FOUNDATIONS

Chapter 1. Local Management of Common School Funds [IC 21-1-1-1 through IC 21-1-1-2;

IC 21-1-1-54; IC 21-1-7; IC 21-1-10; IC 21-2-4-5 (part)]

Chapter 2. Seminary Township School Fund [IC 21-2-1]

Chapter 3. Funding of Retirement or Severance Plan [IC 21-2-20]

Chapter 4. Public Foundations [IC 20-26-5-21; IC 20-26-5-22]

# ARTICLE 43. STATE TUITION SUPPORT

Chapter 1. General Provisions [IC 21-3-1.6-1.1; IC 21-3-1.7-7; IC 21-1-30-10; IC 21-3-1.7-10; IC 21-3-2.1-10; IC 21-3-12-12]

Chapter 2. Maximum Total State Tuition Support Distribution; Adjustments [IC 21-3-1.7-9; IC 21-1-1-62.5]

Chapter 3. Determination of Pupil Enrollment; ADM; Adjusted ADM [IC 21-3-1.6-1.1(d); IC 21-3-1.6-1.2; IC 21-3-1.7-6.6]

Chapter 4. Indexes and Amounts Used in Tuition Support Calculations [IC 21-3-1.7-2; IC 21-3-1.7-3.1; IC 21-3-1.7-4; IC 21-3-1.7-5; IC 21-3-1.7-6.7 (complexity index only); NEW<sup>3</sup>]

Chapter 5. Calculation of Basic Tuition Support Distribution [IC 21-3-1.7-8.2]

Chapter 6. Determination of Target Revenue Per ADM [IC 21-3-1.7-6.7]

Chapter 7. Special Education Grants [IC 21-3-2.1]

Chapter 8. Vocational Education Grants [IC 21-3-12]

Chapter 9. Primetime Program [IC 21-1-30]

Chapter 10. Other Tuition Support Grants [IC 21-3-1.7-9.8]

# ARTICLE 44. PROPERTY TAX LEVIES; GENERAL PROVISIONS

Chapter 1. Taxable Property [IC 21-4-22]

Chapter 2. General Levy Powers [IC 20-23-1-6(h)(7); IC 20-23-1-6(m); IC 20-23-1-6(n); IC 20-23-3-3; IC 20-23-7-11(2); IC 20-23-11-2; IC 20-23-16-4; IC 20-23-16-24(d)(6); IC 20-23-16-24(m); IC 20-23-16-26(c)(6); IC 20-23-16-26(h); IC 20-23-16-27; IC 20-25-4-5; IC 20-26-5-4(14)]

Chapter 3. Application of Levy Excess to Reduce Property Taxes [IC 6-1.1-19-1.7]

### ARTICLE 45. GENERAL FUND LEVIES

Chapter 1. General Provisions [IC 21-2-11-2; IC 21-2-11-4]

Chapter 2. Tuition Support Levy [IC 6-1.1-19-1.5; IC 6-1.1-19-11; IC 21-3-1.7-6.8]

<sup>&</sup>lt;sup>3</sup> It s proposed that dollar amounts and other numbers used more than once in the state tuition support formula be given names and the names substituted for the numbers in the appropriate place in the formula.

Chapter 3. Excessive Tax Levies; Tuition Support Levy Adjustments [IC 6-1.1-19-4.4(a)(4); IC 6-1.1-19-4.5 (part); [IC 6-1.1-19-4.7; IC 6-1.1-19-5.1; IC 6-1.1-19-10.5; IC 20-23-9; IC 20-23-9-8]

Chapter 4. Supplemental County Levy; Lake County [IC 21-2-12]

Chapter 5. Supplemental County Levy; Dearborn County [IC 21-2-13]

### ARTICLE 46. LEVIES OTHER THAN GENERAL FUND LEVIES

Chapter 1. Referendum Tax Levy [IC 6-1.1-19-4.5(c); IC 21-2-11.6-3(b)]

Chapter 2. Special Education Preschool Levy [IC 21-2-17-2]

Chapter 3. Racial Balance Levy [IC 6-1.1-19-10 (except IC 6-1.1-19-10(c) and IC 6-1.1-19-10(g))]

Chapter 4. School Transportation Levy [IC 21-2-11.5-3(a); IC 21-2-11.5-3(b); IC 6-1.1-19-5.4]

Chapter 5. Capital Projects Levy [IC 21-2-15 (except IC 21-2-15-4 and IC 21-2-15-7)]

Chapter 6. School Bus Replacement Levy [IC 21-2-11.5-3(c); IC 21-2-11.5-3(d); IC 21-2-11.5-3.1]

Chapter 7. Debt Service Levy [IC 21-1-5-8; IC 21-2-4 (except 21-2-4-2)]

# ARTICLE 47. LEASE AGREEMENTS; HOLDING COMPANIES

Chapter 1. Public Holding Companies [IC 21-5-11]

Chapter 2. Private Holding Companies [IC 21-5-12]

Chapter 3. Lease of Existing School Building [IC 21-5-9]

Chapter 4. Payment of Rent by Annexed School Corporations [IC 21-5-10]

## ARTICLE 48. BORROWING AND BONDS

Chapter 1. Borrowing and Bonds [IC 21-2-21; IC 21-4-20]

Chapter 2. Borrowing; Indianapolis Public Schools [20-25-4-6 Through IC 20-25-4-10(b)]

Chapter 3. Township School Building [IC 21-2-3.1]

# ARTICLE 49. STATE MANAGEMENT OF COMMON SCHOOL FUNDS; STATE ADVANCES AND LOANS

Chapter 1. Administration of Veterans Memorial School Construction Fund [IC 21-1-11; IC 21-1-12]

Chapter 2. State Administration of Common School Fund [IC 21-1-1.5; IC 21-1-3 (except provisions related to Indiana University permanent endowment fund); IC 21-1-4] Chapter 3. Advancement From Common School Fund for Disaster Loss [IC 21-1-5 (except IC 21-1-5-8)]

Tuition Costs [IC 21-1-6] Chapter 5. School Technology Advancement Account [IC 21-1-31] Chapter 6. Charter School Advancement Account [IC 21-1-32] (Note 12: Move part of IC 21-1-3 that relates to state administration of the Indiana University Permanent Endowment Fund) to IC 21-7-3 ((INDIANA UNIVERSITY; ENDOWMENT FUND) and IC 21-7-5 (INDIANA UNIVERSITY; SALE OF FEDERAL LANDS). Cross reference relevant part of IC 21-1-1-1 and IC 21-1-1-2, and IC 21-1-7 related to local administration of the Indiana University Permanent Endowment Fund in IC 21-7-3 ((INDIANA UNIVERSITY; ENDOWMENT FUND) and IC 21-7-5 (INDIANA UNIVERSITY; SALE OF FEDERAL LANDS)) (Note 13: Move IC 21-2-10 (RETURN OF MONEY TO TOWNSHIP FUND WHEN PROJECT ABANDONED) and IC 21-2-2 (TRANSFER OF BOND FUND) to IC 36-1-8-5 (TRANSFER OF UNENCUMBERED BALANCES).) (Note 14: Move IC 20-26-8-4 (Public Playgrounds; Third Class Cities) to IC 36-10-14 (Public Playgrounds: Third Class Cities).) Chapter 10. Public Playgrounds; Third Class Cities [IC 20-26-8-4] (Note: 15: Move IC 20-20-26-5-25 through IC 20-26-5-27 (FREE PUBLIC USE OF SCHOOL LIBRARIES) to a new Chapter in IC 36-12 (PUBLIC LIBRARIES) ARTICLE 12. PUBLIC LIBRARIES Chapter 14. Free Public Use of School Libraries [IC 20-26-5-25 through IC 20-26-5-27] (Note 16: Repeal IC 20-26-8-13 (SWIMMING POOL FEES CHARGED BY TOWNSHIP SCHOOL LOCATED IN LAKE OR ST. JOSEPH COUNTY); IC 21-1-1-15 through IC 21-1-1-44

Chapter 4. Advancement From the Common School Fund for Certain Anticipated Transfer

(Note 16: Repeal IC 20-26-8-13 (SWIMMING POOL FEES CHARGED BY TOWNSHIP SCHOOL LOCATED IN LAKE OR ST. JOSEPH COUNTY); IC 21-1-1-15 through IC 21-1-1-44 (SALE OF CONGRESSIONAL TOWNSHIP LAND); IC 21-2-14 (FUNDING OF DISTRESSED SCHOOL CORPORATIONS); IC 21-3-1.6-2 (CALCULATION OF TEACHER RATIO); IC 21-3-3.1 (STATE DISTRIBUTION FOR TRANSPORTATION)

(Note 17: Standardized fund terminology.)

Change the following references to the "General Fund":

**Tuition Fund** 

School Revenue for Tuition Fund

School Fund (except where the context indicates that school fund refers to any school fund)

Change to "Capital Projects Fund":

Cumulative Building Fund

Change the following references to the "Debt Service Fund":

Bond Fund

Lending Fund

Change the following reference to "General Fund, Debt Service Fund, or Capital Projects Fund", as appropriate:

Special School Fund.

(Note 18: The following education finance provisions in IC 20 will not be recodified by this bill and will remain at their current location in the Indiana Code: IC 20-20 (PROGRAMS ADMINISTERED BY THE STATE containing categorical grants that are not connected to the tuition support formula; IC 20-24-7 (CHARTER SCHOOL FISCAL MATTERS); IC 20-26-11 and IC 20-33-4 (TRANSFER TUITION); IC 20-33-5 (FINANCIAL ASSISTANCE TO STUDENTS); VARIOUS FEES; VARIOUS REORGANIZATION LEVIES)